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Unemployment Increased Again in January

1.(U) The number of unemployed rose in January by 198,000, according to the National Statistics Institute (INE). The Ministry of Labor and Immigration said this was the largest monthly increase since the series began 13 years ago. In a written communique, Secretary General for Employment Maravillas Rojo indicated that the international financial crisis, the lack of liquidity, and the fall in consumption were the causes of this increase. Noticeably absent from Rojo's list was the residential construction downturn, which has put hundreds of thousands of construction and associated workers out of work. During a February 3 radio interview, Labor Minister Celestino Corbacho downplayed fears that unemployment would reach above the GOS-projected figure of 16 percent in 2009. However, in a news conference earlier that day, Secretary General Rojo did not rule out that possibility or the possibility that the number of unemployed would reach 4 million. (All Media, 2/2)

Industrial Production Fell 15 Percent in December

2.(U) According to the National Statistics Institute (INE), industrial output in December was 15.4 percent below its December 2007 level, the largest decline since the series began in 1993. The sharpest decreases occurred in automotive products (-48 percent), office equipment and machinery (-40 percent), plastics (-36 percent) and minerals (-36 percent). Tobacco, energy products, and transportation construction materials all experienced increases. (Europa Press, 2/5)

GOS Urges Banks to Lend More

3.(U) President Zapatero met with heads of Spain's leading banks on February 2, urging financial institutions to increase lending to stimulate the economy and create jobs. According to Chamber of Commerce Advisory Council President Javier Gomez Navarro, 80 percent of small and medium-sized businesses that apply for loans are reporting difficulties in getting credit. Minister of Industry Miguel Sebastian was

harsher during a February 3 radio interview, saying that the government was "losing patience with the failure of the country's banks to provide credit to the economy." Ruling party vice-secretary general Jose Blanco and GOS Second Vice President Pedro Solbes stepped back from Sebastian's message in subsequent days. Solbes said "I almost never lose my patience," and Blanco said the party had "unlimited patience," called on business groups not to demonize the financial sector, and urged everyone to "row in the same direction." Leading bankers noted that there were fewer creditworthy borrowers now than in the past, but banks also have begun announcing the amount of loans they plan to provide to small and medium-sized businesses. (El Pais, 2/3-4; El Mundo, 2/6)

Spain Apparently Invited to London Economic Summit

4.(U) Local media reports that the GOS received an invitation via its Embassy in Germany to participate in the February 22 meeting of EU heads of government who are attending the April 2 London Summit, indicating that Spain is indeed invited to participate in the London Summit. This is a victory for the GOS, which made it a matter of national pride to be included in the November 2008 G-20 financial summit. Among other things, the GOS wishes to be seen as one of Europe's leaders as it prepares for its EU presidency in the first half of 2010. (All Media 2/3)

Inward Foreign Direct Investment Rises

5.(U) FDI inflows into Spain increased by 7.3 percent in 2008 despite a 21 percent worldwide decline in foreign investment, according to UNCTAD figures released by the GOS investment promotion agency "Invest in Spain." With new FDI of USD 57.3 billion, Spain ranked third in the EU and sixth in the world.

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By comparison, according to UNCTAD, the EU as a whole suffered a decline in FDI inflows of more than 30 percent and the U.S. 5.5 percent. The GOS cites these figures as a sign that Spain remains an attractive destination for investment from abroad. (Moncloa press release)

Internet Piracy Criticized at Movie Awards Ceremony

6.(U) At the annual "Goya" film awards ceremony (Spain's equivalent of the Oscars), Film Academy president Angeles Gonzalez-Sinde noted that while times are tough everywhere, the Spanish movie industry "has always been in crisis...fighting so that illegal downloads don't cause us to disappear and that the (internet) administrators understand that ADSL operators can't be the only winners in the web business." Gonzalez-Sinde called for a mechanism to make films legally available online that is "fair, convenient, and advantageous to the user," without which, she warned, thousands of jobs were at risk. Comment: Negotiations between Internet Service Providers (ISPs) and rights-holders on measures to combat internet piracy are currently stalled, and representatives of the film and music industries are frustrated. Gonzalez-Sinde's remarks offer a useful reminder that effective IPR protection is a priority not only of the USG but also of Spain's own artists and entertainers. (El Pais, 2/3)
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